

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 531 - SB 1218

February 28, 2017

SUMMARY OF BILL: Creates the Tennessee Reconnect Grant (TRG). Requires potential recipients to: not have previously earned an associate or bachelor degree; not be ineligible for a scholarship under Tenn. Code Ann. § 49-4-904; have been a Tennessee resident for one year immediately preceding the date of application for the grant; complete and file the Free Application For Student Aid (FAFSA) for each academic year in which the TRG is received; be an independent student; be admitted to in an eligible public postsecondary institution and enrolled in courses leading to the completion of an eligible program of study; participate in a college success program through the Tennessee reconnect community initiative as created by the Tennessee Higher Education Commission (THEC).

Sets forth requirements for students to maintain the TRG. Establishes that if a student ceases to be eligible for the TRG at any time for any reason, the student shall not be able to regain the grant. Authorizes a student to take an approved medical or personal leave of absence and to receive the grant upon resuming the student's education, provided that all other eligibility requirements are met. Authorizes TRG recipients to transfer from one eligible public postsecondary institution to another eligible public postsecondary institution without loss of the grant, if other eligibility requirements are met. Authorizes a student to receive a TRG until the occurrence of the first of the following events: the student has earned an degree or certificate; the student has attempted the total number of semester hours necessary for completion of the degree; or five years have passed since the initial date of enrollment as a TRG student, exclusive of an approved leave of absence.

Prohibits the TRG from exceeding the cost of tuition and mandatory fees at an eligible institution. Requires the Office of Research and Education Accountability (OREA) within the Comptroller of the Treasury to review and study the TRG program and to report its findings and conclusions to the Speakers of the Senate and House of Representatives and to the Education Committees of the General Assembly before December 31 each year. Replaces the Community College Reconnect Grant (CCRG) with the TRG beginning with the fall 2018 semester. Authorizes a student who remains enrolled in and eligible for the CCRG program at the end of FY17-18, to be eligible for the TRG program for the fall semester of 2018, if certain eligibility requirements are met. Requires a non-traditional student to attend a four-year postsecondary institution or an eligible independent postsecondary institution to receive the HOPE scholarship.

Authorizes the Tennessee Student Assistance Corporation (TSAC) to promulgate rules for the TRG program. Specifies that the HOPE scholarship for nontraditional students may be used at eligible independent postsecondary institutions.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$100,000/FY17-18 and Subsequent Years/General Fund

\$8,588,700/FY18-19/Lottery for Education Account

Exceeds \$8,588,700/FY19-20 and Subsequent Years/

Lottery for Education Account

The Governor's Recommended Budget Document for FY17-18, on page B-88, recognizes a recurring increase in state expenditures from the General Fund in the amount of \$100,000 for a Tennessee Reconnect Grant Coordinator.

Assumptions:

- The annual TRG award amount is estimated to be \$335 for part-time students; and \$670 for full-time students.
- The TRG awards will be awarded first for the fall semester of 2018, or in FY18-19.
- Based on the information provided by TSAC, it is estimated that 9,572 part-time students will be eligible for the TRG in FY18-19.
- The increase in state expenditures from the Lottery for Education Account (LFEA) for these part-time students in FY18-19 is estimated to be \$3,206,620 (9,572 students x \$335).
- Based on retention data for current LFEA programs, it is estimated that a cohort from the CCRG of 5,503 part-time students will now receive the TRG in FY18-19; therefore, the increase in state expenditures from the LFEA in FY18-19 for the CCRG cohort of part-time students is estimated to be \$1,843,505 (5,503 part-time students x \$335).
- The total increase in state expenditures from the LFEA for all part-time students receiving the TRG is estimated to be \$5,050,125 (\$3,206,620 + \$1,843,505) in FY18-19.
- Based on information provided by TSAC, it is estimated that 4,102 additional full-time students will be eligible for the TRG in FY18-19.
- The increase in state expenditures from the LFEA for these full-time students in FY18-19 is estimated to be \$2,748,340 (4,102 full-time students x \$670).
- Based on retention data for current LFEA programs, it is estimated that a cohort from the CCRG of 2,359 full-time students will receive the part-time TRG award of \$335 for the cohort's final semester in FY18-19. Since these full-time students have only one semester remaining, it is assumed they would receive the part-time award rather than the full-time award. Therefore, the estimated increase in state expenditures from the LFEA for this cohort of full-time students is estimated to be \$790,265 (2,359 x \$335).
- The total increase in state expenditures for full-time students receiving the TRG is estimated to be \$3,538,605 (\$2,748,340 + \$790,265) in FY18-19.
- The total increase in state expenditures from the LFEA for all recipients is estimated to be \$8,588,730 (\$5,050,125 in part-time grants + \$3,538,605 in full-time grants) in FY18-19.

- The increase in state expenditures from the LFEA in FY19-20 and subsequent years is estimated to exceed \$8,588,730.
- THEC will have to hire a staff position in FY17-18 to coordinate and implement the TRG program.
- Based on the information provided by THEC, the recurring increase in state expenditures to the General Fund associated with the additional position is estimated to be \$100,000, beginning in FY17-18.
- Any increase in state expenditures for Office of Research and Education Accountability (OREA) within the Comptroller of the Treasury to review and study the TRG program and make the required report is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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